

**Title:** Cost Containment

**Purpose**

The Montana WIC Program will endeavor to save USDA food dollars in order to serve more participants through a variety of cost containment approaches.

**Authority**

7CFR 246.16 (a)

**Policy**

The Montana WIC Program will enter into a cost containment agreement for infant formula.

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**I. Infant Formula Rebate**

Montana participates in the Western States Contracting Alliance (WSCA) for infant formula. WSCA will 1) identify the states in the alliance, 2) verify that no additional states are added to the WSCA infant formula cost containment bid solicitation between date of bid and end of contract, 3) bids will be opened and read aloud publicly on the date bids are due, and 4) allow a minimum of 30 days between publication of solicitation and due date of bids. At the time the WSCA bid process is begun, Montana will review the process for these items.

- A. The Montana WIC Program has entered into a competitive sole-source retail system contract for approved and authorized infant formula. The foods procured will include milk and soy-based infant formulas in concentrate, ready-to-feed, and powdered forms.
- B. All manufacturers registered with the Federal Department of Public Health and Human Services (DPHHS) whose products fulfill the Infant Formula Act requirements have been offered the opportunity to bid on the initiative. In compliance with 7 CFR parts 3017, certification will be included in contractors' agreements that they and any subcontractors have not been debarred or suspended.
- C. All manufacturers registered with the Department of Public Health and Human Services (DPHHS) whose products fulfill the Infant Formula Act requirements may sell special formula to Montana WIC participants through participating retailers or by direct purchase whether or not they offer a rebate on WIC infant formula.

**1. Calculations**

- a. The Montana WIC Program, using the automated system, calculates the number of cans of formula, by brand and type, purchased each month.
- b. Claims will be filed on a monthly basis with reimbursement to DPHHS due in 30 days from receipt of invoice. All claims submitted by DPHHS will be mailed by certified letter, return receipt requested, within forty-five (45) days of the end of each month.

**2. Contracts**

- a. Any contracts signed with companies to implement this initiative shall stipulate that the products meet the provisions of the Food, Drug and Cosmetic Act as it relates to infant formula.

**3. Time Period**

- a. The Montana State WIC Program has a sole-source contract with Abbott Nutrition to provide standard infant formula effective October 1, 2007 through September 30, 2012. This initiative will be for a thirty-six month period, with the option of extensions which shall not exceed a total contract period of five (5) years.
  - 1. Effective October 1, 2012 WSCA will begin a formula rebate contract with Abbott Nutrition and Mead Johnson.

**4. Rebate Initiative**

- a. This rebate initiative will be implemented statewide.
- b. Under this initiative part of the cost of infant formula provided by the Montana WIC Program is rebated by eligible providers allowing WIC to serve additional participants.

**II. Competitive Pricing**

Competitive pricing fosters financial integrity and the most efficient use of WIC funds, which enables the program to serve all potential WIC participants with the current food budget.

- A. All Retailers are held to competitive prices within their assigned peer group. Shelf prices are collected and prices averaged per peer group, per food item.
- B. Retailer shelf prices must remain under the maximum price allowed. The Retailer will be notified and must reduce prices or their benefits will be rejected by the bank for over the maximum allowed.
- C. Approved Food List choices are made with consideration to food item costs, availability and participant choice.
- D. Education and Monitoring is focused on reducing benefit redemption and processing errors at the participant and retail level.
- E. Montana WIC does not authorize above 50% retailers.

**II. Other Rebate Solicitations**

- A. At this time Montana does not solicit rebates for any foods other than infant formula.